

USPS LR-K-48

**Test Year Letter/Card Processing
Cost Models (FCM, Standard Mail,
and Nonmachinable Surcharge)
(Abdirahman)**

INTRODUCTION

Library reference USPS LR-K-48 is a category 2 library reference sponsored by witness Abdirahman that contains both hardcopies and electronic copies of the cost studies that support his testimony (USPS-T-21). These cost studies include: First-Class Mail letters/cards, Standard Mail letters, and Nonmachinable surcharge cost estimates. This library reference performs the same role in this case as USPS-LR-J-60 did in Docket No. R2001-1. The calculations and data inputs used to develop these models are discussed in the testimony of witness Abdirahman (USPS-T-21).

A. FIRST-CLASS MAIL LETTERS/CARDS

This cost study is contained in the EXCEL file LR-K-48FCLTRS.xls. It contains the cost models and cost sheets that are used to develop Test Year First-Class Mail total mail processing unit cost estimates and worksharing related savings estimates by rate category for both letters and cards. The results from this study are provided to witnesses Robinson (USPS-T-27), and Taufique (USPS-T-28). The automation letter and card total unit cost estimates are relied upon by witness Moser (USPS-T-23) for use in developing the final adjustments.

B. STANDARD MAIL LETTERS

This cost study is contained in the EXCEL file LR-K-48STDLTRS.xls. It contains the cost models and cost sheets that are used to develop Test Year Standard Mail total mail processing unit cost estimates and worksharing related savings estimates by rate category for letters. The results from this study are provided to witnesses Robinson (USPS-T-27), and Taufique (USPS-T-28). The automation and nonautomation letter total unit cost estimates are relied upon by witness Moser (USPS-T-23) for use in developing the final adjustments.

C. NONMACHINABLE SURCHARGE

The Nonmachinable surcharge cost studies are found in the EXCEL files LR-K-48FCLTRS.xls for First-Class Mail and LR-K-48STDLTRS.xls. for Standard Mail. They contain the additional cost estimates in the test year for processing nonmachinable pieces. The results from this study are provided to witnesses Robinson (USPS-T-27), and Taufique (USPS-T-28).